year may have to be maintained for certain power-train components such as engines and transmissions. Producers are likely to enter into joint ventures for the production of these components in order to spread costs. A range of less capital-intensive parts will be economically produced in a single plant using flexible techniques.

No longer do North American industry executives insist that production costs will only be reduced by increasing optimum scales of production through adoption of more automated equipment. Today there is broad industry consensus that production scale requirements are no longer the driving force for industry concentration that they were in the past.

The new or evolving role for the automobile assemblers is forecast to be as coordinators of the production system. There is a trend towards outside purchasing of more of the major components and sub-assemblies, reducing the extent of vertical integration. At the same time, automobile companies are working more closely with component suppliers to ensure that problems of financing, design, quality and cost are resolved cooperatively. This new approach derives many of its features from the Japanese model. There will be smaller number of suppliers for each final assembler, specific parts will be obtained from single sources, longer-term association with suppliers will be developed and efforts to bring much of the production operation as close as possible to the point of final assembly to reduce inventory and other supply problems will accelerate.